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Supreme Court of the [redacted]

[redacted]

October Term, 1971.

[redacted]

No. 71-[redacted]

[redacted]

TEXACO, INC., CHEMICAL CORPORATION,

Petitioner,

v.

BURLINGTON INDUSTRIES, INC. and AVTEX CORPORATION,

Respondents.

[redacted]

[redacted]

[redacted]

[redacted]

IN THE

Supreme Court of the United States

OCTOBER TERM, 1971.

No. 71-585.

THIOKOL CHEMICAL CORPORATION

Petitioner,

v.

BURLINGTON INDUSTRIES, INC. AND AVISUN CORPORATION

Respondents.

BRIEF FOR RESPONDENT BURLINGTON INDUSTRIES, INC. IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

Respondent, Burlington Industries, Inc. (hereinafter "Burlington") in compliance with Rule 40 of this Court has, in general, omitted from this brief, matter adequately presented in the Petition.

RESTATEMENT OF QUESTIONS PRESENTED.

1. Does a United States District Court have jurisdiction under 28 U. S. C. § 1338(a) of a declaratory judgment action brought by a patent licensee against its licensor where the licensee has breached, but not terminated, the license agreement?

2. Does 28 U. S. C. § 2283 prevent a United States District Court from enjoining the parties in an action before it for declaratory judgment as to the validity, enforcement and infringement of patents, from further proceedings in a pending state court action in assumpsit between them seeking royalties for breach of an agreement licensing said patents?

STATEMENT OF THE CASE CORRECTING OMISSION.

The statement of the case in the Petition is inadequate in that it omits an accurate chronology of the events set forth therein. In particular, Thiokol waited more than three months after the filing of the first action in the United States District Court in the District of Delaware before giving notice of terminating the license, and said notice was given after Burlington had brought an action in assumpsit against Thiokol in the Court of Common Pleas of Bucks County, Pennsylvania for recovery of royalties due under the license agreement. Thereafter, the first action in the District Court was dismissed.

The injunction, vacated by the Court of Appeals, was entered against the parties to a second District Court action filed after the first District Court action was dismissed.

ARGUMENT.

Appeal Number 19,166.

Both Thiokol and its customers were licensed at the time the declaratory judgment complaint was filed in the District Court, and that license was not terminated until after the complaint in assumpsit for recovery of royalties under the license had been filed by Burlington in the State Court. Neither Thiokol nor its customers were threatened with an action for patent infringement prior to termination of the license agreement. There could be no federal jurisdiction in the District Court, since there could be no action, nor valid threat of action, arising under any Act of Congress relating to patents, copyrights or trade-marks as required by 28 U. S. C. § 1338(a) and as found by the District Court and affirmed by the Court of Appeals. Accordingly, the complaint was properly dismissed.

Thiokol has sought to obscure this legal reality. As long as the license contract was not terminated, there could not have been a valid charge of infringement against the customers of Thiokol, whether or not Thiokol had paid royalties thereunder.

Where a contract has been breached, the non-breaching party has a number of remedies among which is the right to specific performance of the contract. Burlington exercised this right when it sued Thiokol in a state court for royalties under the license agreement. Burlington has never taken any position inconsistent with enforcing its contractual relationship with Thiokol, and there are no facts

in the record (and indeed none are set forth in Thiokol's Petition) to substantiate the allegation that Burlington had threatened Thiokol's customers with patent infringement. Surely, Thiokol cannot create Federal jurisdiction under the patent laws by committing acts constituting breach of contract.

Appeal Number 71-1031.

In *Mandeville v. Canterbury*, 318 U. S. 47 (1943), this Court ruled that the predecessor to 28 U. S. C. § 2283 prohibited a Federal Court from restraining proceedings in a later-filed state court action, where the suits in question were *in personam* in nature.

In the recent case of *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 91 S. Ct. 1434 (1971), this court unequivocally rejected a per se application of estoppel based on a prior holding of patent invalidity, in a subsequent patent infringement action brought by the patent owner, thus clearly negating the concept of "in rem invalidity" in patent cases.

In arriving at its holding in *Mandeville v. Canterbury, supra*, this court reviewed an exception to the then Section 265 of the Judicial Code, 28 U. S. C. § 379 to the effect

> "that if two suits pending, one in a state and the other in a federal court, are *in rem* or quasi *in rem*, so that the court or its officer must have possession or control of the property which is the subject matter of the suits in order to proceed with the cause and to grant the relief sought, the court first acquiring jurisdiction or assuming control of such property is entitled to maintain and exercise its jurisdiction to the exclusion of the other."

". . . This exception to the prohibition has been regarded as one of necessity to prevent unseemly conflicts between the federal and state courts and to prevent the impasse which would arise if the federal court were unable to maintain its possession and control of the property, which are indispensable to the exercise of the jurisdiction it has assumed. But where the judgment sought is strictly *in personam* for the recovery of money or for an injunction compelling or restraining action by the defendant, both a state court and a federal court having concurrent jurisdiction may proceed with the litigation at least until judgment is obtained in one court, which may be set up by res judicata in the other." 318 U. S. 47, 48, 49.

Whether or not this rationale would still apply to the present statute 28 U. S. C. § 2283 is not pertinent to the present proceedings. Not only is an action for patent infringement not an *in rem* proceeding, but also the state court action for breach of contract is clearly not an *in rem* proceeding. Moreover, the injunction was entered against the parties to an *earlier-filed* state court action. Accordingly, Thiokol's request for a clarification of the *Mandeville* rule, at best, seeks an advisory opinion about a hypothetical question relating to an injunction which did not issue.

CONCLUSION.

Petitioner has sought to obtain review of lower court proceedings on the grounds that this Court should clarify its position as to the applicability of two of its prior decisions to situations which, under the facts below, do not exist. It is well settled policy of the Supreme Court to

decline to give such advisory opinions, and accordingly, the Petition should be denied.

Respectfully submitted,

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